

Empower Managers to decide how much their subordinates should earn

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It is very sad that in many organisations line managers have no say in how much their subordinates earn. Empower your managers to have a say in how much their subordinates should earn. Doing so will empower your managers and build a performance culture. If the company has a pay structure (showing each grade and related minimum salary, midpoint salary and maximum salary), this process should be easy to implement. In organisations where pay governance is a top priority, the pay structure of the whole organisation is not hidden from people. In such situations, the organisation, through its internal communication, lets people know the minimum, midpoint and maximum salary for each grade. Implementing this process will ensure that there will be less pay queries especially those related to grading and salaries. In most cases, feelings of inequity and pay queries are high in companies that do not practice pay transparency.

If you feel this is too much to disclose and that this may bring cultural shock to your business, you can start by making sure that this information is available to your level 1 to 3 managers or executives. This is ammunition they need to drive performance. Imagine how they feel when their own subordinates tell them that their salary has been adjusted by human resources department. The Human Resources department should only be the custodian of advice in relation to pay and other human resources issues. Ultimate pay decisions should be done by the respective managers. The right process when making discretionary salary adjustment should be to start with the person's immediate boss. They make recommendations, and these should be copied to their one up supervisor and Human Resources. The Human Resources department will give policy direction. It should check if the adjustment is justified (that is, the manager must supply evidence as to why the adjustment is required). They should also check if the adjustment will not distort the pay structure.

After these checks and necessary approvals, the concerned line manager must write to the employee concerned informing them of the salary adjustment and the reasons for the adjustment. Through such a process you are empowering your managers and they will get respect from their subordinates. Subordinates will know that salary adjustments come from their managers and not Human Resources. This system will work in situations where the HR Manager is empowered as well. In some instances the HR Manager has no idea what employees earn. They are not allowed anywhere near the payroll. The payroll will normally be in Finance or with the CEO. Pay transparency reduces feelings of inequity and assists to retain the best talent. Organisations that have no proper pay governance systems that promote transparency and equity naturally suffer higher turnover of staff.

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